

LOWER BOISE EFFLUENT TRADING DEMONSTRATION PROJECT

Draft Permit Outline for PS-NPS Trades

09/18/00

AUTHORIZATION TO TRADE

The permittee is authorized to trade pursuant to the requirement in _____ (the document that the trading language is housed in), and the conditions contained within this section of the permit.

POINT SOURCE BASE EFFLUENT LIMITATIONS

Base Phosphorus Effluent Limit. The NPDES permit will contain an average monthly and an average weekly base phosphorus effluent limit. (The base limits will be derived from the wasteload allocation contained in the TMDL for the Lower Boise River and its tributaries).

PHOSPHOROUS DISCHARGE REDUCTIONS, CREDITS AND INCREASES

Nonpoint Source Reductions, and Generation of Credits. A nonpoint source may voluntarily reduce the amount of phosphorous it discharges. This creates a “credit” that may be transferred to this Permittee or another party. The credit is invalid if the underlying reduction is shown to not have occurred.

*Increase of Point Source Effluent Limit by Receiving Transferred Credit. The permittee may increase its phosphorous effluent limit by receiving the transfer of a valid credit, *generated by a nonpoint source located in the Lower Boise River Watershed. If the credit is determined to be invalid, then the phosphorous limit will not be adjusted by the amount of the credit.**

AMOUNTS OF REDUCTIONS, CREDITS AND INCREASES

Reduction Amount -- Nonpoint Sources. The amount of a nonpoint source’s reduction that may be used to calculate the amount of a transferrable credit is [This is the NPS creditable reductions issue, which calls for a mechanism to be designed that will determine what portion is surplus to the NPS’s water quality derived phosphorous regulatory obligations, and therefore tradable as a reduction credit.]

Credit Amount (“Parma Pounds”). The amount of the transferrable credit that arises from a nonpoint source reduction is expressed in terms of “Parma Pounds”, and is determined by multiplying the amount of the reduction by (1) the source’s river location ratio, and (2) the source’s drainage delivery ratio, and (3) the site location factor, if applicable. In the case of a nonpoint source reduction, only

the portion of the reduction that is eligible to generate a transferrable credit may be used in this calculation.

Effluent Limit Increase Amount. If a credit is transferred to the permittee, then the amount by which the permittee's phosphorous effluent limit increases is the amount of the credit (in Parma Pounds) divided by the permittee's river location ratio.

River Location Ratios. Each point source and nonpoint source, including the permittee, is subject to a particular river location ratio. River location ratios will be contained in _____ [and an appendix to the permit], and subject to that document's notice, comment, review, and approval requirements. The permittee's river location ratio is ____.

Drainage Delivery Ratios. In addition to the applicable river location ratios, some nonpoint sources are also subject to drainage delivery ratios. Drainage delivery ratios will be contained in _____ [and an appendix to the permit], and subject to that document's notice, comment, review, and approval requirements.

Site Location Factor. In addition to the applicable river location and drainage delivery ratios, some nonpoint sources are also subject to site location factors. Site location factor will be contained in _____ [and an appendix to the permit], and subject to that document's notice, comment, review, and approval requirements.

TIMING OF REDUCTIONS, CREDITS AND INCREASES

Time Period of Credit Based on Nonpoint Source Reduction. In the case of a credit based on a discharge reduction by a nonpoint source, the time period associated with the credit is the time period associated with the reduction, as described in more detail below [where?].

Effective Time Period of Effluent Limit Increase Resulting from Trade. If a credit is transferred to the Permittee, the resulting increase in the Permittee's base phosphorous effluent limits are only effective during the time period associated with the credit.

RESTRICTIONS ON ALLOWABLE TRADES

Localized Impacts. [See note at end of document.]

No Duplicative Ownership of Credits. The permittee may only increase its effluent limit based on credits that are not held by any other trading participant at the credit transfer deadline [to be defined].

REQUIREMENTS FOR CREATION OF CREDIT BASED ON NONPOINT SOURCE REDUCTION

BMP List. A nonpoint source generates a transferrable credit by implementing a best management practice (“BMP”) described on a BMP list approved by EPA and DEQ. The BMP list will be contained in _____, and subject to that document’s notice, comment, review, and approval requirements. The list of approved BMPs and associated monitoring requirements will be contained in an Appendix to the permit.

Procedure for Creating Nonpoint Source Credit that may be Transferred. A nonpoint source credit may be transferred only if the purchaser has completed a reduction credit certificate in substantially the same form as the attached example. At a minimum, the certificate must contain:

- Identification of NPS (name, address, phone #)
- Type of BMP; Location of BMP
- Monitoring Method and Frequency
- Monitoring Results (actual measured quantities, or observations regarding installation and maintenance, at NPS)
- Subtraction of a portion of the reported reduction amount (in local pounds) to meet the Water Quality Contribution requirement as specified in [to be determined].
- Conversion of reduction quantity to Parma Pounds (multiply by NPS river location ratio, drainage delivery ratios, and site location factors, where applicable)
- Time period for which credit is verified, per monitoring requirements for that BMP
- Certifying statement signed by the PS that the information provided is true, accurate and complete, and that the installation, maintenance, and monitoring of the BMP meets the requirements for that BMP as specified in the BMP List.

PROCEDURAL REQUIREMENTS TO TRANSFER A CREDIT

Procedure for Transferring Credit. To create a valid transfer of a credit, the transferor and transferee must complete a trade notification form in substantially the same form as the attached example. At a minimum, the form must contain:

- Transferee:
 - Name
 - NPDES permit number
 - Name and telephone number of authorized representative
- Transferor:

Name

NPDES permit number (if applicable)

Name and telephone number of authorized representative

- Credit Transferred:

Amount of Credit (in Parma Pounds)

Month of Credit

Reduction Credit Certificate Number

- Certifying statement that indicates the transferee's understanding of the order in which credits are transferred in the record-keeping system *and the permitted source transferee that they have determined the validity of the generation of the underlying credits being transferred.*

- Dated signatures of transferee's and transferor's representatives

- NPS consent to access by EPA, DEQ, or a representative, to inspect BMP (for any credit that is based on an NPS reduction)

Recordkeeping System. No trade is valid unless it is recorded in a single trade tracking system that records all trades, and which generates a monthly summary of all trades valid for that calendar month, in substantially the same form as the attached example. The trade notification form must be submitted by the credit transfer deadline in order for it be recorded in the recordkeeping system in time for it to be reported in the monthly trade summary.

REPORTING AND RECORDKEEPING REQUIREMENTS

Reporting Trades by NPDES Permit Holders to EPA. The Permittee shall submit to EPA, along with its discharge monitoring report (DMR), the trade summary described above for the period covered by the DMR. On each DMR, for the applicable reporting month the Permittee shall report (A) its actual discharge; (B) the total amount of credits (in Parma Pounds) that it obtained through transfers from other parties, as shown on the trade summary submitted with the DMR; (C) the total amount of credits (in Parma Pounds) that it created through voluntary effluent limit reductions and transferred to another party, as shown on the trade summary submitted with the DMR; (D) its location ratio; and (E) its "adjusted discharge", which is equal to $A - B/D + C/D$.

DMRs shall be submitted to EPA 45 days after the last day of the reporting month.

Recordkeeping. The Permittee must collect monitoring information as specified for that BMP on the BMP list. The Permittee shall retain all records pertaining to the transfer of any credits that it generates

or obtains, including all monitoring information it must collect to establish and verify the underlying reduction. The Permittee shall submit these records to EPA or IDEQ upon request.